



STRATEGY | INNOVATION | EXPERTISE

## Randall & Quilter Investment Holdings Ltd.

**10 August 2020**

### **R&Q acquires 35% interest in New York based Managing General Agent, Tradesman Program Managers LLC.**

Randall & Quilter Investment Holdings Ltd. (“R&Q” or the “Group”) is pleased to announce today that it has reached agreement to merge its wholly owned subsidiary, Sandell Re Ltd. (“Sandell”), with Tradesman Program Managers, LLC. (“Tradesman”) in return for a 35% interest in the combined entity. The transaction is subject to the approval of the Bermuda Monetary Authority.

The initial book value of R&Q’s interest in the combined business will be \$43.4m, which is equal to the estimated book value of Sandell at completion. Proforma pre-tax earnings of the combined business for full year 2020 are estimated to be \$17.2m.

Ken Randall and Stewart Ritchie will be joining the board of the newly combined business as representatives of R&Q.

Tradesman is a New York based Managing General Agent which underwrites construction-related liability insurance known as the ARTISAN Contractors’ General Liability insurance program through insurance policies which are issued by Accredited Surety & Casualty Company Inc. (“Accredited US”), R&Q’s A- 9 rated subsidiary, which is authorised to issue policies in all 50 states and the District of Columbia. It is currently owned by Daniel Hickey Jr., the CEO of Tradesman Program Managers and various affiliated entities and individuals.

In the year to 31 December 2019 Tradesman generated earnings before interest, tax depreciation and amortisation of \$8.06m, an increase of 99% from 2018.

Sandell was acquired by the Group in October 2019 for \$25m and has been one of the reinsurers of the ARTISAN Contractors’ General Liability program since it inception in 2017. As at 31 December 2019, Sandell Re had total assets of \$116.7m and incurred a loss for the year of \$1.3m after making a \$3m provision against third party loans and strengthening reserves on acquired legacy portfolios by \$2.6m. Following the completion of the transaction the Group will deconsolidate Sandell and reflect its 35% equity interest in the enlarged Tradesman Group on its balance sheet.

Commenting on the proposed merger, Ken Randall, Executive Chairman of R&Q said: “This is a fantastic deal for both parties:

- It enables the Group to acquire a significant and valuable minority interest in a fast-growing New York based Managing General Agent which will be immediately accretive to the Group’s post tax earnings
- It secures ongoing program management fees for Accredited, estimated at \$6m for 2020
- It significantly reduces the Group’s live underwriting risk exposure from the ARTISAN program
- It demonstrates the Group’s ability to deliver shareholder value through its legacy acquisition strategy with Sandell having been acquired for just \$25m in late 2019

For the owners of Tradesman, it provides access to the expertise and management within the R&Q Group, facilitates participation in the profitable underwriting results from the Tradesman Program and creates alignment with the risk assumed by the reinsurer panel.

The growth of Tradesman’s ARTISAN Program has, and will continue to be, a tremendous driver of value both for Accredited’s fee-based program management business and through our strategic minority interest in the Sandell risk carrier. Tradesman’s ARTISAN Program has experienced consistent and profitable growth since its launch in November 2017. In 2020 gross premiums written by Tradesman are expected to reach \$120m, with plans to expand their offering into other, related lines of business. We strongly believe that this partnership with Tradesman and, in due course with other

Managing General Agents, will help us to deliver exceptional results for our shareholders, agents and reinsurers.”

Daniel Hickey Jr., the CEO of Tradesman Program Managers LLC, commented: “We are thrilled to partner with R&Q on this transaction which aligns the interests of Tradesman and R&Q in the development and growth of Tradesman’s business and programs, Accredited’s US program management business and Sandell Re as one of our reinsurance panel members.

“R&Q, through Accredited Surety & Casualty have been great partners in the growth of our program since inception and we look forward to continued success going forward.”

**ENDS**

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**Notes to Editors:**

**About R&Q**

R&Q is a non-life global specialty insurance company operating two core, highly complementary, businesses: Program Management and Legacy Insurance. Both these businesses are leaders in markets with high barriers to entry and significant secular growth opportunities.

Legacy Insurance generates profits and capital extractions from expert management of legacy non-life insurance portfolios. Program Management generates commission income from its licensed (and rated) carriers in the US, EU and the UK, writing niche and profitable program business, largely on behalf of highly rated reinsurers.

For the financial year ended 31 December 2019 R&Q reported pre-tax profits of over £40 million.

Legal Entity Identifier (LEI): 2138006K1U38QCGLFC94

**Website: [www.rqih.com](http://www.rqih.com)**